

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6854

BILL NUMBER: HB 1355

NOTE PREPARED: Jan 5, 2012

BILL AMENDED:

SUBJECT: Small Breweries.

FIRST AUTHOR: Rep. Sullivan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that for a brewer manufacturing not more than 30,000 barrels of beer in a calendar year to sell and deliver beer to a retailer or a dealer, any barrels sold and shipped outside Indiana are excluded from the 30,000 barrel limit. It provides that certain powers and duties of a brewer are limited to those brewers that manufacture not more than 60,000 barrels of beer in a calendar year.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Alcohol and Tobacco Commission (ATC):* This bill may increase administrative costs for the ATC by requiring the ATC to amend rules governing the issuance of small brewer's permits. The ATC's current level of resources should be sufficient.

Explanation of State Revenues: *Impact on Permit Fee Revenue:* This bill could decrease permit fee revenue by an indeterminable amount. The bill redefines a small brewer as a brewer that manufactures no more than 60,000 barrels during a calendar year, while current statute limits small brewers to manufacturing no more than 30,000 barrels during a calendar year. Statute provides that small brewers pay an annual license fee of \$500, and large brewers pay an annual permit fee of \$2,000. By increasing the barrel limit, some brewers (that would be considered large brewers under current statute), would now be considered small brewers which would decrease the amount of fees they would pay to \$500 annually instead of \$2,000 annually.

Impact on Alcohol Sales: This bill increases the number of barrels of beer that a small brewer may manufacture to not more than 60,000 barrels of beer in a calendar year instead of not more than 30,000 barrels as in current statute. To the extent that any of the provisions of this bill affect alcoholic beverage sales, state revenues will be impacted. Sales changes will affect collections of both alcoholic beverage excise taxes and the sales tax.

The alcoholic beverage excise taxes are distributed in varying amounts to the following funds: state General Fund, the Post War Construction Fund, the Enforcement and Administration Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund. The state retains 50% of the General Fund distribution of beer and wine excise tax revenue. The remainder is distributed to cities and towns based on population.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: To the extent that revenue from alcoholic beverage excise taxes increase revenues going into the General Fund, revenues to cities and towns would increase.

State Agencies Affected: ATC.

Local Agencies Affected:

Information Sources:

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